

Moody's Decarbonization Plan

Moody's emissions profile largely stems from indirect emissions related to its business activities. Scope 1 emissions include activities from stationary combustion in leased facilities and mobile combustion of fuels. Scope 2 emissions result from the consumption of purchased electricity, chilled water and steam for offices operations. Scope 3 emissions include a range of indirect emissions sources, including those from purchased goods and services, capital goods, business travel, employee commuting, waste generated from office operations, and investments.

While Moody's has a limited direct environmental impact, climate change is a major challenge that demands action from all of us. For this reason, the company has committed to achieving net-zero emissions by 2040 and near-term science-based targets:

- 50% Reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030 from a 2019 base year.
- 15% Reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting by 2025 from a 2019 base year.
- 60% Of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025.
- continue sourcing of 100% of renewable electricity for Moody's global operations.
- continue 100% carbon emissions offset from operations, employee commuting and business travel.
- Long-term net-zero target of 90% emissions reductions in Scope 1, 2 and 3 emissions by 2040.

Long-term net-zero target

90% reduction in absolute Scope 1, 2 and 3 GHG emissions by 2040¹

In 2021, Moody's accelerated its ambition to reach net-zero emissions by 2040, a decade earlier than the Paris Agreement goals. By accelerating its net-zero target, Moody's demonstrates its continued commitment to advancing sustainability.

In its road to net-zero, Moody's set validated, near-term science-based targets to work to reduce greenhouse gas emissions in its operations and value chain using 2019 as a base year. Notably, Moody's has consistently outperformed Scope 1, 2 and Scope 3 GHG emissions near-term science-based targets and this is largely driven by the operational shifts prompted by the Covid-19 pandemic. Post-pandemic, Moody's has successfully sustained reduced levels of

¹ Target determined from a 2019 base year.

employee commuting and strategically consolidated office spaces, thereby continuing to exceed its annual near-term targets. In light of these developments and the evolving nature of its operations, Moody's is in the process of setting new, ambitious targets that will be announced in 2025. Recognizing the need to align these targets with its current operational realities, the company is updating its baseline year to 2023. This adjustment aims to more accurately capture the progress Moody's has made in adapting to new work models and furthering its commitment to sustainability.

Near-term net-zero targets

50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030¹

→ 2023 Progress:

- 94% reduction in absolute Scope 1 and Scope 2 GHG emissions from a 2019 base year.
- 100% of continued renewable electricity sourcing for Moody's global operations.
- 63% of Moody's employee population is assigned to energy-efficient buildings that are certified LEED, BREEAM or a local equivalent.

→ Actions:

- Moody's is procuring 100% renewable electricity for its global operations through a mix of direct renewable energy sourcing and renewable energy attribute certificates in the short term. Moody's will seek to achieve success in the medium and long term by increasing contracts with utility suppliers whose electricity originates from a renewable source, where possible.
- Work in collaboration with the property management firms and Moody's real estate team to implement energy-saving measures, including raising temperature set-points in tech rooms, retrofitting air conditioning systems for lower global warming potential and reduced holiday operations, limiting hot water supply from instant heaters, and fitting common areas with energy-efficient lighting, timers, and sensors for reduced power consumption after hours.
- Work on adding sustainability clauses in facility management MSAs.
- Establish preference environmental criteria when selecting new office spaces, such as green building certifications, energy efficiency attributes and renewable energy sources.
- Consolidate under-utilized office space as we shift toward a more digital workplace.
- Work to purchase equipment that is Energy Star and EPEAT-certified, where applicable.

15% reduction in Scope 3 GHG emissions from fuel and energy related activities, business travel and employee commuting by 2025²

→ 2023 Progress:

- 36% reduction in Scope 3 GHG emissions from fuel and energy-related activities, business travel and employee commuting from a 2019 base year

→ Actions:

- Implement a company-wide carbon price on business travel of \$50 per CO₂e.
- Partner with airlines to participate in SAFs programs.
- Maintain low levels of employee commuting through the hybrid work program, which includes more technology-enabled work, enhanced digital capabilities and IT infrastructure to implement work-from-home solutions.
- Engage employees to reduce employee commuting time and non-essential business travel.

60% of Moody's suppliers by spend covering purchased goods and services and capital goods to have science-based targets by 2025.

→ 2023 Progress:

- 54% of Moody's suppliers by spend have science-based targets

→ Actions:

- Moody's supplier code of conduct was updated to encourage suppliers to disclose their carbon footprint and set science-based targets to achieve emissions reductions.
- Partnered with Ecovadis to enhance its supplier engagement in these areas through webinars and personalized support.
- Include sustainability standard language in master service agreements with suppliers.
- Regularly assess availability of sustainable products/services across markets and categories.
- Regularly assess suppliers for supplier-led decarbonization and sustainability initiative.
- Became a member of the Sustainable Purchasing Leadership Council (SPLC), a leading organization focused on developing sustainable procurement programs. This provides the opportunity to innovate, collaborate with other industry leaders, and amplify the company's sustainability impact across its value chain.

² Target determined from a 2019 base year.

Carbon Offsets

Beyond the emissions reductions efforts, Moody's is dedicated to offset the remainder of its emissions from its operations, employee commuting and business travel. The company invested in carbon offset credits retroactively to the year 2000, and included any re-baselined emissions, and will continue to do this on an annual basis by purchasing verified carbon offsets that match the reported emissions.

Moody's supports carbon offset projects that provide co-benefits such as biodiversity through forestry projects and promote financial prosperity in communities where it operates. The company selects carbon offset projects based on the optimal alignment with, and support of, the UN's Sustainable Development Goals (SDGs), including forestation offsets, clean cookstoves or water boreholes, and clean energy. Moody's maximizes its purchase of carbon offsets in alignment with new net-zero guidance from the Science-Based Targets initiative, which prioritizes offsets such as forestation and other offsets that reduce emissions.

Engaging Moody's Affiliates

Moody's extends its climate strategy by collaborating with both majority and minority-owned affiliates to achieve the company's science-based targets. This unified approach to emissions reduction provides a comprehensive sustainability effort across the company, in line with global climate objectives.

To learn more about Moody's efforts and commitment to advance environmental sustainability in its global value chain, business offerings and communities, read the [Environmental Sustainability Policy](#) and visit [Moody's Sustainability Website](#).

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